

Remarks

35 U.S.C. §101 rejections

In the papers mailed on March 30, 2011 claims 125 through 155 are “rejected” under 35 USC §101 for allegedly: representing non statutory subject matter, not having a specific utility, being overly broad and for failing the machine or transformation test. The Assignee traverses the claim rejections in a number of ways. First, by noting that the evidence required to support the *prima facie* case that would sustain the claim rejections has not been provided. Second, by noting that there is no statutory basis for the claim rejections. Third, by noting that the claim rejections fail under both standards of the APA and are therefore moot. Fourth, by noting that the claim cancellation has obviated the rejections.

35 U.S.C. §103 rejections

In the papers mailed on March 30, 2011 claims 125 through 155 are “rejected” under 35 U.S.C. §103(a) as being obvious given U.S. Patent 5,812,988 (hereinafter, Sandretto) in view of U.S. Patent 5,361,201 (hereinafter Jost) and U.S. Patent 4,414,629 (hereinafter, Waite). The Assignee traverses the rejections for obviousness in a number of ways. First, by noting that the claim rejections are not in compliance with the Administrative Procedures Act and are therefore moot. Second, by noting that there is no statutory basis for the claim rejections. Third, by noting that the papers mailed March 30, 2011 have failed to establish a *prima facie* case of obviousness. In particular, the papers mailed March 30, 2011 fail to establish a *prima facie* case of obviousness for claims 125 – 150 by: citing combinations of documents that teach away from the claimed invention, citing a combination of documents that fails to teach one or more limitation for every claim, failing to explain the combination as required by *KSR v Teleflex*, teaching a combination that requires a change in principle of operation of the disclosed inventions and teaching a combination that would destroy the ability of one or more of the inventions to function. *MPEP 2143.03 provides that: to establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art (In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974))*. Fourth, by noting that claim cancellation has obviated the rejections.

35 U.S.C. § 112 First Paragraph Rejections

In the papers mailed March 30, 2011 claims 125 through 155 are rejected under 35 U.S.C. §112 first paragraph as lacking a written description that would enable those of average skill in the art to make and use the claimed invention. Specifically, the author of said papers has made an

unsupported statement that the specification requires subjective judgments and lack a clear set of steps that allegedly would make it difficult to implement the invention. The Assignee traverses the §112 first paragraph rejection of claims 125 through 155 in several ways. First, by noting that the assertions regarding the alleged lack of written description are not in compliance with the both standards of the Administrative Procedures Act and are therefore moot. Second, by noting that there is no statutory basis for the claim rejections. Third, by noting that the papers mailed March 30, 2011 have failed to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph. Fourth, by noting that claim cancellation has obviated the rejections.

35 U.S.C. § 112 Second Paragraph Rejections

In the papers mailed March 30, 2011 claims 125 through 155 are rejected under 35 U.S.C. §112 second paragraph. The Assignee traverses the §112 second paragraph rejection of claims 125 through 155 in several ways. First, by noting that the assertions regarding the alleged lack of written description are not in compliance with the both standards of the Administrative Procedures Act and are therefore moot. Second, by noting that there is no statutory basis for the claim rejections. Third, by noting that the papers mailed March 30, 2011 have failed to establish a *prima facie* case that the specification does not meet the requirements of §112 second paragraph. Fourth, by noting that claim cancellation has obviated the rejections.

Material from co-pending applications

Under the provisions of MPEP § 2001.06(b), the author of the set of papers mailed March 9, 2011 is hereby advised of information obtained from co-pending U.S. Patent Application(s) which may be "material to patentability" of the instant application (see *Armour & Co. v. Swift & Co.*, 466 F.2d 767, 779, 175 USPQ 70, 79 7th Cir. 1972).

The subject matter contained in the material incorporated herein above may be deemed to relate to the present application, and thus may be felt (with or without reasonable justification) to be material to the prosecution of the instant application.

- Copies of cited U.S. patent application(s) (office actions, specification, claims, and the drawings) or copies of the portion(s) of the application(s) which caused it(them) to be cited, including any claims directed to such portion(s) are attached hereto.

- Copies of the cited U.S. Patent Application(s) (office actions, specification, claims, and the drawings) and U.S. Patents are available on the U.S.P.T.O.'s Image File Wrapper. Therefore copies thereof need not be attached.
- The materials in the envelope are considered trade secrets and are being submitted for consideration under MPEP § 724.

Any and all of the listed co-pending applications are not to be construed as prior art. By bringing the above-listed information to the attention of the author, the Assignee does NOT waive any confidentiality concerning the above-listed co-pending application(s) or this application. See MPEP §101. Furthermore, if said application(s) should not mature into patents, such application(s) should be preserved in secrecy under the provisions of 35 U.S.C. § 122 and 37 C.F.R. § 1.14.

Five of the optimization techniques Baseman discusses (the BPAI mentioned only two of them in its opinion regarding 09/688,983) are shown in the table below along with the optimization techniques taught in U.S. Patents 5,148,365, 5,799,287, 6,278,981 (hereinafter, Dembo1, 2 and 3), U.S. Patent 6,308,162 (hereinafter, Ouimet) and U.S. Patent 6,219,649 (hereinafter, Jameson) teach away from the methods for optimizing value, risk and combinations thereof contained in one or more co-pending applications.

	Type	Optimize What?	Details
Baseman #1	Global	Linear Risk, Linear Profit (& Value)	Linear Program (LP) and Mixed Integer Program (MIP) with single objective function
Baseman #2	Global	Linear Risks, Linear Profit (& Value) and Other Linear Goals	LP and MIP with multiple objective functions (see Baseman C14, L45; C15, L33; C20, L31; C21, L8 and C22, L18)
Baseman #3	Global	Market Value and Market Risk	Mean Variance (implicit in claimed use of Portfolio Management – see Baseman claim #1)
Baseman #4	Global	Profit and Risk	Estimate the loss in profitability associated with designing a supply chain to reduce risk. Keep making changes as long as this "opportunity cost" is less than the cost of obtaining a similar position with traditional financial risk management techniques.
Baseman #5	Global	Profit and Risk	Network design software. As noted in the Bradley, Hax and Magnanti reference this software comprises a linear program.
Ouimet #1	User controlled	Stochastically modified primary goal	Simulated annealing of a planning model where: the user specified secondary goals* modify the primary goal to form an effective goal (claim 1)

Ouimet #2	User controlled	Stochastically modified primary goal	The user reviews the solutions to different combinations of primary goals and weighted secondary goals* and selects the combination of goals and weights he or she likes best (claim 2)
Dembo #1	Weighted Average Scenario	Resource allocation/ Portfolio replication	(i) computing a solution to a deterministic problem under all scenarios and assigning a probability value to each solution and (ii) solving a co-ordinating or tracking model to find a single feasible policy to the problem (block 108)
Dembo #2	Weighted Average Scenario	Risk adjusted profit/Portfolio replication	Generating an electronic representation of a replicating portfolio for a given target portfolio that will achieve the maximum risk-adjusted profit for a given set of future scenarios. <i>Note: compression destroys the detail required for risk management at anything other than the portfolio level</i>
Dembo #3	All Scenarios	Portfolio replication	Acting on the set of replicating instruments, the target portfolio and the set of scenarios, a simulation module determines the values of every instrument in the target portfolio under every scenario at the specified time points. The results of the simulation module are then input to an optimization problem module, which formulates a linear programming problem to find the optimal replicating portfolio. <i>Note: compression destroys the detail required for risk management at anything other than the portfolio level</i>
Jameson	Multistage scenario	Multi stage resource allocation combination that maximizes value of profit/loss or VNM utility	For each stage: Allocations are developed for each of a plurality of scenarios. A Native Optimizer and/or a Deterministic Optimizer that relies on <u>undefined</u> or expedient-optimization objectives (C12, L30-35) process the allocations before the Value Allocation function values the optimized results. The valued results are used to guide the development of clusters of scenarios. Optimal allocations are developed for each cluster using the values of <u>undefined</u> or expedient-optimization analyses. The clusters are then combined until there is a single cluster where an optimal allocation is developed using the values from the <u>undefined</u> or expedient-optimization analyses.

* secondary goals are called "scenarios" in Ouimet

Please note: Jameson teaches away from all Assignee applications and patents by: a) equating risk with uncertainty (C7, L1), b) relying on optimization analyses of undefined or expedient objectives, c) identifying risks without using value/performance model simulation, d) ignoring the real option category of value, e) ignoring the market sentiment category of value, and g) teaching optimization of subjective feelings about risk (VNM utility) in place of teaching risk optimization, value and risk optimization and/or efficient frontier identification.

Acknowledgement

The Assignee previously requested: an unbiased patent application examination conducted by someone with knowledge of the relevant arts who follows the law for its applications (see Link, January 7, 2011). The Office's apparent failure to provide such an examination for the instant application is taken as an acknowledgement that no personnel with the requisite level of skill in the art and/or training in the relevant statutes and precedents are available at the present time. This comprises an acknowledgement that the instant application has yet to receive its first examination in accordance with the relevant statutes and rules.

Statement under 37 CFR 1.111

37 CFR 1.111 requires that the basis for amendments to the claims be pointed out after consideration of the references cited or the objections made. The Assignee notes that this requirement is not relevant to the instant application because, as detailed above, there are no references or objections to avoid. Having said that, the Assignee notes that the prior set of claims were cancelled and new claims were added because a restriction requirement was placed on the parent application. .

Reservation of rights

The Assignee hereby explicitly reserves the right to present the previously modified and/or canceled claims for re-examination in their original format and to recover any fees or expenses caused by the failure of the Office to provide a statutory examination of the instant application. The cancellation or modification of pending claims to put the instant application in a final form for allowance and issue is not to be construed as a surrender of subject matters covered by the original claims before their cancellation or modification.

Conclusion

The pending claims are of a form and scope for allowance. Prompt notification thereof is requested.

Respectfully submitted,
Asset Trust, Inc.

/B.J. Bennett/

B.J. Bennett, President
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